From: Edonomics@aol.com

Sent: Sunday, September 26, 2010 11:59 PM
To: PosLimits < PosLimits@CFTC.gov>

Subject: Silver

Hello,

1,000 to 1,200 contracts is the silver position limit consistent with the 6,000 contract position limit in gold.

According to the Commodity Research Board (CRB), world gold production since 1970 has averaged 61,059,418 ounces per year. Therefore, the position limit in gold of 6,000 contracts is .9826% of average annual world gold production since 1970. Annual world silver production since 1970 averaged 514,082,724 ounces per year. Silver's current 6,000 contract position limit means the silver position limit is 5.836% of average annual production. Multiplying gold's position limit of .9826% by average annual world silver production yields a silver position limit of 5,051,631 ounces. In short, 1,010.33 contracts is the position consistent with gold in this case.

One might argue that such data going back to 1970 is now irrelevant and we should only consider more recent data. According to the CRB, average annual world gold production over the last 10 years is 78,512,009 ounces per year. Therefore, the position limit in gold is .7642% of annual average world production. Annual average world silver production over the last 10 years is 687,842,261 ounces per year. Silver's current 6,000 position limit means the silver position limit is 4.361% of average annual production. Multiplying gold's position limit of .7642% by average annual silver production yields a comparable silver position limit of 5,262,589 ounces. In this case, 1,051.3 silver contracts is the position limit consistent with gold's limit.

There was record silver production in 2009 of 753,862,789 ounces. World gold production was 75,554,134 ounces. The position limit in gold is .7941% of 2009 world gold production. Silver's current 6,000 position limit means the silver position limit is 3.974% of 2009 silver production. Gold's position limit of .7941% implies a silver position limit of 1198.92 contracts.

We must assume the CFCT believes the 6,000 contract position limit in gold is justifiable. Therefore, the CFTC should be consistent and apply a 1,000 to 1,200 contract position limit in silver.

Cordially Edward Fuller